

Proposal to Provide:

**Labor Compliance Program
Consultant Services**

For the

McMullin Grade @ CA-145 Well Project

Submitted to:
Kings River Conservation District

Submitted by:



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TABLE OF CONTENTS

Contents

Section 1 - INTRODUCTION	3
Section 2 - WORK EXPERIENCE / KEY STAFF RESUMES	5
Section 3 - SCOPE / APPROACH TO PERFORMING REQUIRED SERVICES	11
Section 4 - REFERENCES.....	16
Section 5 - OTHER INFORMATION	17
Section 6 - FEE PROPOSAL	18
Section 7 - WHY LCP, INC. IS THE BEST CHOICE	19

Section 1 INTRODUCTION**■ HISTORY OF THE FIRM**

Labor Compliance Providers, Inc. (LCP, Inc.) is a California corporation that was established in 2003 for the purpose of monitoring and enforcing prevailing wage compliance upon **public works and State/Federal grant-funded projects**. Our parent corporation has been monitoring labor compliance on public works contracts throughout California since 1988. As an organization, our labor compliance wage assessments have accounted for nearly half of the State of California's Division of Labor Standards & Enforcement total Civil Wage & Penalty Assessments in 2009 & 2010.

LCP, Inc. has the distinguished reputation of being the **first consultancy in the State of California** (under Labor Code §1771.7) **to receive an "approved" status for a Labor Compliance Program** by the California Department of Industrial Relations (State LCP ID number: 2002-00001). As evidence of our good standing with the DIR, we have been granted final approval status—with no expiration date—by the DIR (pursuant to Title 8 of the California Code of Regulations §16426(f)).

LCP, Inc. and the staff that will be dedicated to the KRCD's projects are undoubtedly the most diverse and knowledgeable individuals in the field of construction and labor / prevailing wage compliance. Our knowledge and experience in knowing craft jurisdictions, construction processes, inner workings of an apprenticeship program, Labor Codes, Contract Codes, and Davis-Bacon Act requirements—coupled with our knowledge of the proper application of State prevailing wages upon grant-funded projects in California—will ensure successful project compliance for the Kings River Conservation District's (KRCD) construction project.

■ SIZE OF THE FIRM, OFFICE LOCATIONS, AND STAFF

As shown on page 7 of this proposal, our organization of **22 staff** resources may be leveraged as needed. Our organization maintains five (5) offices throughout California. Our **local Bakersfield office** makes us a phone-call away from being able to quickly respond to KRCD requests for on-site support and compliance monitoring. Our neighboring office location not only provides quick responsiveness and easy accessibility for monitoring the project, but it also saves the KRCD in associated travel costs.

Staff Expertise & Established Professional Relationships

LCP, Inc. maintains a staff of professionals that have over two decades of experience in monitoring & enforcing labor compliance upon public works projects. The staff at LCP, Inc. has demonstrated experience providing technical assistance to agency staff on prevailing wage rules having managed prevailing wage compliance on 100's of public works projects. *Brief resumes outlining staff experience are provided in section 2.* In this capacity we have worked closely with the various State and Federal agencies that enforce the prevailing wage and/or Davis-Bacon laws, including the DIR, California Division of Labor Standards Enforcement, Division of Apprenticeship Standards, and the Federal Department of Labor.

The KRCD will **benefit from LCP, Inc.'s close relationships and years of dealings with leaders in the field of compliance / enforcement**. The staff at LCP, Inc. enjoys the respect of the State Labor Commissioner and Federal enforcement agents, lawmakers, organized labor, and the contracting community. In fact, our parent corporation provides annual conferences on prevailing wage monitoring and enforcement

techniques that are attended by 100's of labor compliance professionals. Due to our expertise, reputation, and established relationships, our professional colleagues speak/present on prevailing wage compliance enforcement issues at these conferences. Our **reputable contacts** include (but are not limited to) the: California Labor Commissioner, Director of and members of the Labor Commissioner's Legal Unit, Director of the DIR, Regional Manager for the Division of Labor Standards Enforcement, Department of Labor Wage/Enforcement Officers, Director of the Division of Apprenticeship Standards, and many more.

Language Capabilities

As further explained in Section 2, the key staff that will be dedicated to the project not only have complete working knowledge and specific experience with all aspects of prevailing wage compliance requirements, but both—the Project Manager, Sophia Espinoza, and Field Investigator, Mario Salinas and our receptionists—are **bi-lingual in English/Spanish**, which makes communicating with the contractor's non-English speaking workforce easy and efficient.

Section 2 WORK EXPERIENCE / KEY STAFF RESUMES**■ BRIEF DESCRIPTION OF FIRM'S QUALIFICATIONS & EXPERIENCE**

The staff at LCP, Inc. has worked for numerous public agencies—on tiny modernization projects to multi-billion dollar public works projects of significance. We have complete knowledge & specific experience with all aspects of Federal and State prevailing wage compliance requirements. Our specific experience relative to our proposed scope of work is further described under “Section 3—Scope / Approach to Performing Required Services”

Our years of experience have allowed us to hone our operational processes to be streamlined and systematic, which allow each project we’re monitoring to receive an equal amount of review and scrutiny. The secret to our success rests upon our proprietary “Audit Methodology Checklist” system (further discussed in Section 3 of this proposal--Scope, Task 2), effective project management and forging collaborative partnerships with our client & project contractors. Crucial to the success of our services is keeping the KRCD and the project contractors informed of all activities carried out by LCP, Inc. Our **regular Monthly Compliance Reports** will enable members of the KRCD and project contractor staff to quickly understand the level of compliance/non-compliance on any particular project. Our approach to assuring audits and issues are quickly resolved entails **maintenance of an Issues Tracking Log** and **holding weekly internal project management meetings** where we discuss open action items and assign staff follow-up tasks to bring closure to issues. These communication strategies are central to effectively managing multiple public works contracts simultaneously.

■ WORK EXPERIENCE

Our staff experience relative to the proposed scope of work is extensive. The following page contains a summarized listing of relevant projects in descending order of significance (per construction value) for which LCP, Inc. staff has performed labor compliance monitoring and enforcement services upon (either for LCP, Inc. or with previous firms):

	Staff Performed on Project (With LCP, Inc. or other firms)			
	James Reed	Sophia Espinoza (PM)	Isabel Ayala (Analyst)	Our Team of Site Investigators
Partial List of Project Experience:				
Compliance monitoring on 100's of California public works projects via Center for Contract Compliance	✓		✓	✓
Los Angeles World Airports, DBE/WBE utilization verifications, 4/05 – 8/08		✓		
Los Angeles Community College District, \$2.1 billion bond construction, 8/01 – 8/04		✓		✓
San Bernardino City Unified School District, \$830 million, Hardship Construction, 1/07 – 8/09		✓		✓
Long Beach Community College District, \$616 million bond construction, 7/05 – 8/09		✓		✓
College of the Desert, \$480 million bond construction, 8/07 – 8/09		✓		✓
City of Perris - Landscape & Park Improvements - \$440 million, Davis-Bacon, 10/08 – 6/09	✓			✓
Pasadena Blue Line Construction Authority, \$438 million, Davis-Bacon, 10/02 – 1/04		✓		✓
Rio Hondo Community College District, \$250 million bond construction, 2/05 – 8/09		✓		✓
Norwalk-La Mirada Unified School District, \$246 million bond construction, 8/03 -8/09		✓		✓
Coast CC District, \$200m., Small Business Outreach/DBE/WBE verifications, 2009		✓		
Simi Valley Unified School District, \$180 million bond construction, 8/07 – 8/09		✓		✓
Inglewood Unified School District, \$131 million bond construction, 2/04 – 8/09		✓		✓
County of San Bernardino, \$91 million Jail Modernization / New Construction, 2/11 – Current	✓	✓	✓	✓
Alhambra Unified School District, \$85 million bond construction, 6/04 – 1/08		✓		✓
City of Long Beach – Marina Replacement Project, \$80 million – HUD Section 3, 9/07 – 8/09		✓		✓
Santa Barbara School District, \$67 million bond construction, 8/07 – 8/09		✓		✓
City of Oxnard, \$63 million in various construction projects, 9/10 – Current	✓	✓	✓	✓
San Bernardino Community College District, \$48.9 million bond construction, 4/08 – 8/09		✓		✓
Antelope Valley Union High School District, \$35 million mod & new construction, 8/07 – 1/11	✓	✓	✓	✓
Palmdale School District, \$32 million construction, 6/06 – 5/09	✓		✓	✓
Santa Maria-Bonita School District, \$30 million mod & new construction, 12/04 – 2/09	✓		✓	✓
San Jacinto Unified School District, \$29 million bond construction, 8/07 – 8/09		✓		✓
Mojave School District, \$26 million modernization and new construction, 6/07 – 8/11	✓	✓	✓	✓
Brea-Olinda Unified School District, \$25 million bond construction, 11/06 – 7/09		✓		✓
Rancho California Water District, \$20 million, Davis-Bacon / ARRA-funded, 12/09 - Current	✓	✓	✓	✓
Palm Springs Unified School District, \$20 million bond construction, 8/07 – 8/09		✓		✓
City of Long Beach - Public Safety Building, \$18 million - HUD Section 3, 9/02 – 1/05		✓		✓
Santa Ana Unified School District, \$12 million mod & and new construction, 7/09 – 11/10	✓	✓	✓	✓
Beaumont Unified School District, \$12 million bond construction, 2/11 – Current	✓	✓	✓	✓
MiraCosta College, \$12 million new construction projects, 6/08 – 8/09		✓		✓
City of Ontario, \$11 million new construction project, 4/07 – 8/09		✓		✓
Elsinore Valley Municipal Water District, \$8.1 million Prop. 50 bond construction, 7/07 – 3/09		✓		✓
City of Long Beach - MacArthur Park Library, \$6 million - HUD Section 3, 12/05 – 9/07		✓		✓
Adelanto Unified School District, \$6 million mod & new construction, 8/10 – Current	✓	✓	✓	✓
Southern Kern Unified School District, \$5.9 million mod & new construction, 4/09 – 5/11	✓	✓	✓	✓
County of Riverside - Economic Development Agency, \$5.5 million Library, 3/09 – 6/11	✓		✓	✓
City of Riverside Public Utilities Department, \$5 million water main projects, 3/08 – 2/09	✓			✓

■ ORGANIZATION CHART & DIRECTLY INVOLVED PERSONNEL

Staffing for LCP, Inc. is provided under an agreement by its parent corporation. The following page contains a listing of key personnel , which LCP, Inc. anticipates will be **directly involved in providing labor**

compliance services to the KRCD. Should additional assistance be required beyond the personnel listed below, additional staff resources from the rest of the organization may be leveraged as needed.

■ BRIEF RESUMES FOR KEY PERSONNEL

LCP, Inc. proposes the following key staff to manage compliance services on behalf of the KRCD:

- **Mr. James Reed**, Administrator / Labor Compliance Officer, will be the main point-of-contact with the KRCD relative to contract negotiation / execution and administrative matters.
- **Ms. Sophia Espinoza**, Project Manager / Senior Compliance Officer, will be the day-to-day contact for the KRCD, its Construction Managers, and project contractors. She will direct the daily functions of her support staff, thus concentrating all reporting and communications through her.
- **Ms. Isabel Ayala**, Compliance Analyst, will collect and compile all received documentation including Field Investigator and Auditor's reports for data entry, compliance reviews, and audits.
- **Mr. Mario Salinas**, Field Investigator, will conduct on-site worker interviews to ensure workers are being correctly compensated for the scope of work performed.
- **Mr. Tyler Reed**, Auditor, dedicated to reviewing certified payrolls, fringe benefit and training reports to ensure compliance with prevailing wage payments.

■ JAMES REED, Administrator / Labor Compliance Officer

Education: California State University Pomona; Bachelor of Science

Professional Experience: LCP, Inc.'s Administrator, James Reed, has eight (8) years of experience serving as Labor Compliance Officer for LCP, Inc. Mr. Reed is intimately familiar with prevailing wage laws and compliance, having authored the first state-approved 3rd-party LCP, which served as the template application for future 3rd-party LCP applicants. He also knows the construction process, having been a general engineering contractor in California for over 26 years, which motivates him to manage a compliance project that can be completed on time, within budget, and most importantly—in observance of State/Federal laws and regulations. Mr. Reed has often provided training sessions to agency representatives and contractors to educate them on the rules and regulations to ensure compliance. *A representative listing of public works projects Mr. Reed has specifically monitored and enforced prevailing wage compliance upon is included on the page 6 chart.*

JAMES REED...
*Authored the first state-
approved 3rd-party LCP,
which served as the
template application for
future LCP applicants*

Specific Responsibilities: As the Administrator/Labor Compliance Officer, Mr. Reed interfaces between the public agency and LCP, Inc.'s Project Manager to effectively direct the monitoring of contractors' compliance with prevailing wage regulations. Mr. Reed's specific activities will include, but not be limited to the following:

- Review construction contract documents for appropriate language insertions (if requested)
- Provide technical assistance with pre-bid and pre-construction conferences and/or labor compliance workshops with contractors/subcontractors to educate them of prevailing wage requirements
- Provide technical assistance on the review of certified payroll records and related documents
- Provide technical assistance on the monitoring of contractors'/subcontractors' compliance with apprenticeship requirements
- Manage payroll auditing staff
- Provide technical assistance on the management of audits and wage underpayment investigations
- Provide technical assistance on enforcement activities; assistance to KRCD staff and project contractors, as needed.

Relevant Qualifications:

- Chief Labor Compliance Officer and Administrator for LCP, Inc.
- Authored 1st state-approved 3rd-party LCP
- Licensed California contracting engineer for over 26 years
- California and Federal Davis-Bacon prevailing wage monitoring & enforcement experience
- Experience preparing compliance reports summarizing the level of compliance and any outstanding issues
- Skilled training facilitator

■ SOPHIA ESPINOZA, Project Manager / Senior Compliance Officer

Education: University of California, Los Angeles (UCLA); B.A. 2001

Professional Experience: Sophia Espinoza has nearly 10 years of professional labor compliance experience which was gained through her monitoring and enforcement efforts on over \$6 billion dollars' worth of public works projects with her previous employer (a labor compliance consultancy). She has vast California prevailing wage and Davis-Bacon labor compliance experience on educational & public works construction projects and adept at completing her labor compliance functions in sync with construction completion.

Her professional background also includes serving as a trainer/facilitator at numerous prevailing wage compliance seminars held for public agency representatives, labor unions, and contractors to educate them on the rules and regulations of prevailing wage regulations. Ms. Espinoza has also provided testimony to the Director of the California DIR Legal Unit regarding legislation affecting prevailing wage compliance monitoring and enforcement. *A representative listing of public works projects Ms. Espinoza has monitored and enforced prevailing wage compliance upon is included on the page 6 chart.*

Specific Responsibilities: As a Labor Compliance Project Manager, Ms. Espinoza interfaces with the public agency's construction teams and project contractors to monitor contractors' compliance with prevailing wage and apprenticeship regulations. Labor Compliance Project Management activities include the following:

- Review construction contract documents for appropriate language insertions (if requested)
- Conduct pre-bid & pre-construction meetings and/or labor compliance workshops with contractors/subcontractors to educate them of prevailing wage requirements
- Manage staff in the review and audit of certified payroll records & related documentation
- Monitor contractors'/subcontractors' compliance with apprenticeship requirements
- Undertake random "confirmation" of prevailing wages paid
- Manage audits and wage underpayment investigations
- Manage enforcement activities such as notifications of violations and assessments
- Manage the on-site employee interviews process
- Provide technical assistance to the KRCD, project contractors, subcontractors, and construction workers.

Relevant Qualifications:

- Prevailing wage compliance monitoring & enforcement experience on CA school, public works, and Federal Davis-Bacon construction projects

SOPHIA ESPINOZA...
*Experienced at preparing
LCP Applications on behalf
of public agencies for
submittal to the Director of
the Department of
Industrial Relations (DIR)*

- Experienced at preparing LCP Applications on behalf of public agencies for submittal to the Director of the Department of Industrial Relations (DIR)
- Experienced at monitoring and enforcing apprenticeship requirements
- Experienced at preparing compliance reports summarizing level of compliance/outstanding issues
- Experienced at directing staff to manage numerous projects with dozens of contractors performing simultaneously
- Skilled training facilitator
- Bilingual (English/Spanish) for effective communication with contractor's non-English speaking workers

■ ISABEL AYALA, Compliance Analyst

Education: Riverside Community College; A.A. 2003

Professional Experience: Isabel Ayala has over 15 years of experience assisting Compliance Officers/Investigators with monitoring and enforcing contractor compliance with prevailing wage and apprenticeship laws. Ms. Ayala has assisted with monitoring 1000's of public works projects in her compliance career, where document control and management of contractor paperwork was paramount to the success of the monitoring effort. Ms. Ayala assisted with the development of LCP, Inc.'s proprietary Audit Methodology Checklist System, which she implements as part of her compliance monitoring efforts to ensure that each/every project contractor is receiving a comprehensive review according to the same set of standards required by law. *A representative listing of public works projects Ms. Ayala has monitored and enforced prevailing wage compliance upon is included on the page 6 chart.*

ISABEL AYALA...
Assisted with the
development of LCP, Inc.'s
proprietary Audit
Methodology Checklist
System, which ensures that
each project contractor is
receiving a comprehensive
review according to the
same set of standards
required by law.

Specific Responsibilities: As a Labor Compliance Analyst, Ms. Ayala interfaces with the project contractors to monitor their compliance with prevailing wage and apprenticeship regulations. Labor Compliance activities include the following:

- Assist with pre-construction meetings and/or labor compliance workshops with contractors to educate them of prevailing wage requirements
- Review and audit of certified payroll records, fringe benefit reports, and training contributions
- Monitor contractors'/subcontractors' compliance with apprenticeship requirements
- Undertake random "confirmation" of prevailing wages paid
- Conduct audits and wage underpayment investigations
- Implement enforcement activities such as notifications of violations and assessments
- Compare on-site employee interviews with contractor's certified payrolls
- Provide technical assistance to the project contractors and construction workers.

Relevant Qualifications:

- Prevailing wage compliance monitoring & enforcement experience on CA school, public works, and Federal Davis-Bacon construction projects
- Experienced at monitoring and enforcing apprenticeship requirements
- Experienced at preparing compliance reports summarizing level of compliance/outstanding issues
- Experienced at managing numerous projects with dozens of contractors performing simultaneously

- Bilingual (English/Spanish) for effective communication with contractor's non-English speaking workers

■ MARIO SALINAS, FIELD INVESTIGATOR

Professional Experience: Mr. Salinas has a complete working knowledge of all aspects of prevailing wage compliance requirements, which was gained through his 8 years serving as a Labor Compliance Investigator. As a Field Investigator he monitors and enforces public agency & contractor compliance with prevailing wage laws on public works projects. He is assigned to the Bakersfield/Kern/Fresno County project area and is *already currently monitoring projects in/throughout the Kings River area*, making the monitoring of this Project a seamless addition to his work schedule.

Specific Responsibilities: Conduct on-site field interviews with project workers to ascertain if the workers are being paid prevailing wages for the scope of work being performed.

Relevant Qualifications:

- Experience monitoring public works construction contracts
- Currently monitoring projects in/throughout the Kings River area
- California prevailing wage and Federal Davis-Bacon compliance monitoring & enforcement experience; experience monitoring and enforcing apprenticeship requirements
- Bilingual (English / Spanish)

■ TYLER REED, Auditor

Education: Riverside Community College, 2000 – 2003; ITT, Networking degree, 2006

Professional Experience: Tyler Reed has five years serving exclusively as a prevailing wage compliance Auditor. He reviews Certified Payrolls and other supporting data/payroll documentation to cross-reference against each other in order to generate accurate audits that truly represent the amount of prevailing wages due to workers. He is an expert at applying the proper prevailing wage rates, travel & subsistence, and overtime determinations. He is also highly experienced in monitoring / auditing whether contractors applied (or over-applied) the maximum apprentice ratios as determined by State law and apprenticeship training programs. For 2009, Tyler generated 209 audits totaling \$2,444,098 in wage restitution; in 2010, 198 audits amounted to \$2,201,777 in wages owed. For those audits that were unable to be settled prior to being escalated to the State for intervention, in both 2009 and 2010 *Tyler's audits accounted for nearly half of the State of California's Division of Labor Standards & Enforcement total Civil Wage & Penalty Assessment recoveries (BOFE Annual Report showing \$4,770,301 in Wages recovered: <http://www.dir.ca.gov/dlse/bofe-2010.pdf>).*

Specific Responsibilities: As an Auditor, Mr. Reed is responsible for reviewing project contractors' certified payroll and related documents in effort to monitor their compliance with prevailing wage rates and regulations. Prevailing wage auditing activities include the following:

- Review certified payroll records and related documents
- Conduct audits on wage underpayments and apprenticeship mis-utilization

Relevant Qualifications: California prevailing wage and Federal Davis-Bacon compliance monitoring & enforcement experience and experience monitoring and enforcing apprenticeship requirements.

Section 3 SCOPE / APPROACH TO PERFORMING REQUIRED SERVICES

■ SCOPE OF SERVICES

The following represents, but is not limited to, the scope of services that will be provided to the KRCD for ensuring contractor compliance with State prevailing wage and apprenticeship requirements.

TASK 1: PROJECT COORDINATION, PRE-BID, PRE-CONSTRUCTION, & PROGRESS MEETINGS

LCP, Inc.'s Project Manager will coordinate with the KRCD and/or its Construction Management staff at a project kick-off meeting to discuss project specifics, construction schedule, and for coordinating the labor compliance presentation segment at the project's job start meetings (i.e. Pre-Bid/Pre-Construction Meetings). For the Pre-Bid / Pre-Con Meetings, **LCP, Inc. will prepare or obtain all necessary labor compliance documentation** (e.g. **Labor Law Checklist**, current wage determinations, labor posters, forms, etc.) for distribution. We will explain the prevailing wage requirements; explain how to apply the appropriate prevailing wage determinations; overtime, fringe benefits and apprentice/trainee requirements; we'll also discuss our role in conducting on-site visits / worker interviews; and will **sign-off on the Labor Law Checklist**. Throughout construction, our Project Manager will be available to attend construction progress meetings in effort to provide compliance status reports relative to each Project contractor's level of compliance.



TASK 2: MONITOR & REVIEW OF CONTRACTORS' PAYROLLS & RELATED DOCUMENTS

- 2.1 **Document receipt & data entry** - LCP, Inc. will require each Project contractor to submit copies of Certified Payroll Records and related labor compliance documentation on a frequency defined by the LCP Document Submittal Schedule (which is distributed to contractors at the Pre-Con Meeting). All received documentation is **immediately inputted into our proprietary data base** system for record keeping & auditing purposes. The database also serves as the foundation for providing reports to the KRCD, Construction Team, and Project Contractors. **Missing documents will be requested monthly from all project contractors** via mass fax/email to encourage their prompt submittal of outstanding documentation.
- 2.2 **Conduct audits upon each Certified Payroll Record and trust fund reports** - LCP, Inc.'s Payroll Auditor will **review every received CPR** and will **confirm proof of payment of trust fund/training fund contributions**. Whereas other consultant firms conduct "random reviews / spot-audits," LCP, Inc. reviews each CPR to ensure complete compliance upon the project. Effective monitoring and enforcement of prevailing wage compliance is not achieved when only "spot audits" are conducted since the un-reviewed CPRs may very well be the ones that report violations. We don't cheat our client's by only doing half of the required work—**we pride ourselves in providing complete monitoring & enforcement services**. All **CPRs will be reviewed to ensure worker's social security numbers are included and will be compared against the project-applicable prevailing wage sheets** for compliance in accordance with our Audit Methodology System described below. Upon discovery of any apparent discrepancies, **LCP, Inc. will send letters to the contractors to clarify** inaccuracies and effectuate compliance.

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2.3 Ensure each project consistently receives complete prevailing wage compliance monitoring – We have instituted an **Audit Methodology Checklist System** that contains all the levels of monitoring that should take place to ensure compliance of all contractors performing on the project. It serves as an internal checks & balance system to ensure that each contractor’s documentation was reviewed with the same level of scrutiny that the next contractor receives. This is an **exclusive feature** that our firm provides to assure our client’s that a thorough review has taken place and provides measurable evidence to demonstrate the audited performed on the Project.

2.4 Monitor Contractor’s Compliance with Apprenticeship Requirements

LCP, Inc. will monitor whether contractors comply with apprenticeship provisions of State statute. Our apprenticeship auditing system includes first confirming on the State Division of Apprenticeship Standards website that all apprentices working on the projects are registered by the State. Secondly we confirm the level (i.e. “period”) of apprenticeship that the apprentice is technically classified under, then we review the CPRs to verify that the apprentice worker actually received the proper wage for its level/period of apprenticeship. Finally, we track the ratio of apprentice-to-journeymen work hours for compliance with the mandated ratios utilizing our proprietary database system. Any over-utilization of apprentices will be dealt with in the form of a prevailing wage audit.



2.5 Payment Confirmations - In accordance with California Code of Regulations §16432(c), we will undertake random confirmation of payment of prevailing wages.

TASK 3: SITE MONITORING & CONDUCTING WORKER INTERVIEWS

As part of the site monitoring process, LCP, Inc. will **obtain work schedules** for the construction contract in order to **provide to our assigned On-Site Field Investigator** (*who currently works in the project area*). LCP, Inc.’s Field Investigator will conduct job-site inspections & random worker interviews (using LCP, Inc.’s **site interview form**) to determine if workers are being paid prevailing wages for the type of work being performed. Our Field Investigator is bi-lingual in English and Spanish, for ease in communicating with non-English speaking construction workers. Once the interviews are conducted, the **Field Investigator provides the interview data to our Auditor** in order to **enter into our database** and cross-check against data reported in the contractor’s payroll records.

TASK 4: AUDITS & INVESTIGATIONS

Upon discovery of an apparent contractor underpayment, non-payment of wages, or other labor related issues, **our labor compliance team will initiate a formal investigation**. All wage discrepancies will be documented and a restitution demand letter will be sent to the violating contractor with a copy sent to the KRCD, its Construction Manager and the prime contractor. The audit will provide contractors the opportunity to provide mitigating evidence and recommend appropriate actions to resolve alleged violations. All audits and outstanding compliance issues will be documented in the Labor Compliance Issues Tracking Log, which is used as a tool for following-up on compliance issues. Once wage restitution is submitted by the contractor, our labor compliance team will distribute recovered wages to workers, obtain releases, close out the issue with the contractor, and notify the KRCD and its CM. **Issues are resolved at the lowest possible level, which results in the timely completion of project and reduced costs to the KRCD.**

Enforcement Phase: Withholding of Contract Payments / Requests for Review of Forfeiture

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Throughout the Project term, LCP, Inc. will provide technical assistance to appropriate KRCD staff and contractors to ensure an understanding of the prevailing wage laws/regulations that pertain to the Project. We believe that early education and training facilitates compliance, dramatically reduces reporting errors made by contractors, and cultivates positive working relationships amongst all involved parties. Resolution of prevailing wage violations will be dealt with swiftly and firmly, in accordance with State requirements, and **resolved at the lowest possible level**. If any audits are escalated to the **Notice of Withholding of Contract Payments** or Request for **Review of Forfeiture** stages, LCP, Inc. will assist the KRCD with collaborating with any State adjudication or governmental agencies in support of responding to compliance issues and will prepare all necessary and obtainable evidence in support of developing the case. Our support will include the following:

- Calculation of the withholding / forfeiture amounts due
- Sending the Notice of Withhold / Forfeiture Request to the contractor(s) and DIR (cc to KRCD)
- Administer a Notice for the Right to Review
- Advise the KRCD on its authority to Withhold Contract Payments (pursuant to CCR 16345 & 16435.5)
- Advise the KRCD on its authority to obtain and deposit withheld sums and penalty assessments
- Assist with the distribution of forfeited sums
- Prepare referrals for debarment for repeat/egregious violators

During a possible hearing phase, LCP Inc. shall undergo the following support services if requested by the KRCD:

- Send the Notice of the Right to Review Evidence and the Request for formal hearing
- Represent the KRCD at hearing
- Obtain proof of service and file the necessary documents with the hearing officer
- Conduct a pre-settlement hearing (if requested)
- Work with attorney to issue subpoenas, if necessary
- Work with attorney to conduct deposition, if necessary
- Attend a pre-hearing conference, if any
- Submit a pre-hearing brief
- Participate in judicial review

TASK 5: MONTHLY REPORTS & ANNUAL REPORTS

Each month, LCP, Inc. will provide the KRCD with a **Monthly Compliance Report** containing sufficient data and narrative content to enable evaluation of both progress & problems. The Monthly Report will show each Project contractor's received and missing documentation, whether they have any unresolved wage underpayments, audits, or other compliance issues, and will contain recommendations for retention. At the close of each State fiscal year (June 30th), LCP, Inc. will also submit a provide an **Annual Compliance Report** on behalf of the KRCD's project(s), as required by California Code of Regulations 16431.

■ APPROACH / METHODOLOGY TO PERFORMING REQUIRED SERVICES

LCP, Inc's Management & Technical Approach is reliant upon the utilization and dedication of tried-and-tested processes and tools used to administer a labor compliance program. Below is a description of how LCP, Inc. monitors project performance upon projects it is managing.

■ PROCESSES

LCP, Inc. utilizes the following processes to monitor project performance:

- **Project Kick-Off:** Allocation of staff resources, team assignments
- **Establish Project Infrastructure:** Establishment of databases, files, report templates
- **Provide Ongoing Technical Assistance to Contractors:** Recurring violations or non-responsiveness to issues are typical indicators of contractor ignorance to prevailing wage laws; LCP, Inc. continually works with contractors to ensure their compliance with established laws.
- **Conduct Weekly Project Management / Staff Assignment Meetings:** Discuss status of open issues/action items, staff assignments, progress of investigations, etc.
- **Monitoring & Enforcement Accountability Checks:** Review the progress of the project's Accountability Matrices to ensure thorough & complete compliance audits are conducted.

■ TOOLS

LCP, Inc. utilizes the following tools to monitor project performance:

- **LCP Policies & Procedures Manual** – Used as the primary source to guide staff on proper LCP administration.
- **Project Action Item List** – Source to document all open action items, assign staff responsibilities, and anticipated due dates to bring closure to issues. Serves as a staff accountability measuring tool, which is reviewed during weekly staff meetings.
- **Issues Tracking Log** – Provides a historical record of the project's compliance issues, status on contractor's resolution of issues, and whether follow-up/escalation of the issue is required.
- **Restitution Amounts Recovered Log** – Shows all amounts recovered for wage underpayments, training fund contributions recovered, wages received for apprentice ratio and overtime violations, penalties recovered.
- **Document Tracking Log** – Shows the status of all contractor's LCP documentation / required submittals.
- **Certified Payroll Database** – Records contractor submitted CPR data, including apprentice & journeyman hours per craft for auditing apprentice ratios.
- **Field Interview Database** – Records information collected during on-site worker interviews & field observations.
- **Audit Methodology/Checklist System** – Serves as a documented, verifiable source that ensures each project contractor is consistently receiving prevailing wage compliance monitoring required by law; contains all the levels of auditing that should take place to ensure compliance of all contractors performing on the project.



LCP, Inc. has developed a very efficient and practical approach to managing our labor compliance projects. Each project we undertake is managed according to an established set of protocols—basic set of principles—which are illustrated below in our *Six Pillars of LCP Project Management*.

LCP, INC.'s 6 PILLARS OF LCP PROJECT MANAGEMENT

Pillar 1	Project / Contact Management	<ul style="list-style-type: none"> Project Establishment: Obtain project specifics; ad dates; client contacts; duration; schedules; reporting due dates, etc. Contact Management: Maintain the project's Contact Directory that includes key stakeholder staff responsible for each specific LCP monitoring or enforcement effort.
Pillar 2	Contractor Education	<ul style="list-style-type: none"> Providing early & on-going LCP education and training facilitates compliance, dramatically reduces reporting errors made by contractors, and cultivates positive working relationships amongst all involved parties. Assist contractors to correct deficiencies; resolution of prevailing wage violations are dealt with swiftly and firmly, in accordance with State and Federal requirements.
Pillar 3	Document Control & Efficiently Utilizing Contractor Communication Networks	<ul style="list-style-type: none"> Provide sample documents; collect documentation and input information into our proprietary data base system. Database maintenance of: Document Tracking Log, Correspondence Log, Issues Tracking Log, Certified Payroll Database, and Field Interview Database. Utilizing Prime Contractors for collection of documents from their subcontractors. Familiarity of subcontractor's personnel responsible for addressing specific LCP issues (missing documents, trust fund audits, etc.).
Pillar 4	Issues Management & Resolve Issues at the Lowest Possible Level	<ul style="list-style-type: none"> Maintenance of Correspondence Log & Issues Tracking Log to provide time required by law, enforce due dates, conduct follow-up, and encourage Prime Contractors to effectuate compliance from their subs. Work to resolve issues at the lowest possible level to ensure that the project is not impeded with unnecessary delays due to progress payment withholds or legal proceedings; provide contractor opportunities to correct its deficiencies before escalating issues to the State for adjudication.
Pillar 5	Adherence to Policies/Procedures & Audit Methodology Checklist System	<ul style="list-style-type: none"> Our Labor Compliance Policies & Procedures Manual comprehensively covers step-by-step instructions on implementing the various responsibilities of LCP, Inc.'s Labor Compliance Program. Audit Methodology Checklist System ensures that each project contractor is consistently receiving prevailing wage compliance monitoring required by law; contains all the levels of auditing that should take place to ensure compliance of all contractors performing on the project; serves as an internal checks & balance system to ensure thorough audit reviews are conducted.
Pillar 6	Communications & Compliance Reporting	<ul style="list-style-type: none"> Holding weekly internal project management meetings assures audits and issues are quickly resolved by discussing open action items on the Issues Tracking Log and assigning follow-up tasks to staff to bring closure to issues. All communications with subcontractors are copied to the Prime Contractor and client to encourage resolution of issues. Utilization of most effective means of communicating with subcontractors to reduce wasted time & provide cost savings to the client. Provide project contractors with a monthly Compliance Report showing their received and missing documentation and whether they have any unresolved compliance issues or audits; Compliance Report serves as a proactive tool to inform contractors of outstanding issues and enlists the support of the Prime Contractor to facilitate resolution of issues by its subcontractors. Provide Monthly LCP Compliance Reports to client that includes a summary of the labor compliance issues for the reporting period, missing and received documentation, and a matrix identifying current issues and their status.

*Confidential * This page is not subject to Public Records Act. DO NOT DISCLOSE

Section 4 REFERENCES**1. County of San Bernardino**

Projects: (1) Adelanto Detention Center (\$91 Million construction value); (2) Needles Sheriff Station Security Upgrade; (3) Joshua Tree Office Building Solar Project

Services Provided: *Labor Compliance Program (LCP) monitoring & enforcement services.*

When Provided: 2010 – Current

Reference: Ms. Cindy Jones

Ph: (909) 387-5275

Address: 385 N. Arrowhead Ave., San Bernardino CA 92415

2. Rancho California Water District

Reference: Ken Cope, Construction Contracts Manager (951) 296-6900

Projects: Vail Lake Main & Pump Station (1/2010 – 12/2011); Vail Lake ReVegetation (12/11 – Current)

Section 5 OTHER INFORMATION

■ CA B.O.F.E REPORT vs. WAGES RECOVERED BY OUR ORGANIZATION

STATE OF CALIFORNIA
 DEPARTMENT OF INDUSTRIAL RELATIONS
 Employers Office
 P.O. Box 420603
 San Francisco, CA 94142
 Tel: (415) 703-4810
 Fax: (415) 703-4807
 Julie A. Sa
 California Labor Commissioner
 Division of Labor Standards Enforcement

2010 ANNUAL REPORT ON THE EFFECTIVENESS OF THE BUREAU OF FIELD ENFORCEMENT

Labor Code section 90.5(d) requires the Labor Commissioner to report annually to the Legislature concerning the effectiveness of the Bureau of Field Enforcement (Bureau). This report shall include: (1) the enforcement plan adopted by the Labor Commissioner and the rationale for the priorities, (2) the number of establishments investigated by the Bureau, and the number and types of violations found, (3) the amount of wages found to be unlawfully withheld from workers, and the amount of unpaid wages recovered for workers, and (4) the amount of penalties and unpaid wages transferred to the General Fund as a result of the efforts of the Bureau.

The Bureau investigates complaints and takes enforcement actions to ensure employees are not being required or permitted to work under unlawful conditions. Authority for enforcement action taken by Bureau investigators involves the enforcement of child labor laws; the requirement of employers to carry workers' compensation insurance coverage; audits of payroll records, collection of unpaid minimum wages, overtime, as well as prevailing and other unpaid wages; the issuance of citations for violations of any applicable Labor Code sections; the confiscation of illegally manufactured garments; and injunctive relief to preclude further violations of the law.

In prior years, this report has been provided in a calendar year format. The Division has converted to fiscal year reporting to align with the time frame in which the state tracks program costs and to provide sufficient time for reconciliation between the State's accounting and ancillary database systems. To meet these goals, the Bureau will report fiscal year information commencing with this year's report. Therefore, this first report will cover fiscal year 2009-10.

2010 Annual Report on the Effectiveness of the
 Bureau of Field Enforcement
 Page 7

Public Works

The Bureau investigates complaints arising from violations of the state's prevailing wage laws, and conducts payroll audits on behalf of California's workers for back wages owed. Despite a significantly lower level of construction due to the economic downturn, the Public Works Unit has maintained the following enforcement activities:⁹

	2009-10
Cases Opened	1,335
Cases Closed	980
CWPAs Issued	311
Settlements	64
Wages Found Due	\$15,100,002
Wages Recovered to	\$4,770,301
Penalties Assessed	
Penalties Collected	\$839,317

Additionally, in fiscal year 2009-10 the Labor Commissioner signed Orders of Debarment for 11 contractor companies and their principals. All of these Orders imposed the maximum statutory debarment period of three years, rendering each of the individuals and entities ineligible to bid on or be awarded a contract for a public works project, or to perform work as a subcontractor on those projects.

The focus on debarments of contractors attempting to gain competitive advantage at the expense of workers, along with a concerted effort to process complaints to recover wages on behalf of workers not paid prevailing wage as discussed above, sends a very strong message to the contractors within the public works industry that the Labor Commissioner will utilize all avenues available to ensure the protection of workers from unlawful labor practices including putting employers who flout the public works laws out of the business of competing for public works contracts.

Collections Unit

With the implementation of DLSE's Collections Unit in November 2006, the Division achieved significant progress in collecting penalties assessed. Collections Unit staff processed 3,184 judgments for fiscal year 2009-10, with total penalty collections by the Unit of \$3,035,196. Given the state of the economy with businesses reducing staffing due to lack of business and/or failing, and the resulting lack of assets upon which to collect, these results demonstrate the significant efforts of the Collections Unit staff.

Legal Unit

The Bureau continues to work closely with the Legal Unit. A significant amount of time is spent by the Legal Unit staff in assisting the Bureau through the court motion process to, for example, compel employers to provide records when the employer refuses to comply with a Bureau record demand or to obtain access to an employer's premises when the employer refuses to allow a Bureau investigator to

⁹ The statistics reported here are included in the overall results of the Bureau summarized earlier in this report.
¹⁰ Wages recovered and penalties collected may include monies found due in earlier reporting periods.

Our
 organization's
 "wages
 recovered"
 amounted to
 nearly half of
 what the entire
 State of CA
 recovered in
 2009 & 2010

AUDIT SUMMARY 2009 TO PRESENT

	\$ Audit 2009	Audits 09	CWPa 09	\$ Audit 2010	Audits 10	CWPa 10	\$ Audit 2011	Audits 11	CWPa 11
JAN	\$360,725.58	14	\$9,321.71	\$278,541.73	17	\$207,969.53	\$533,589.56	20	\$2,705.39
FEB	\$485,949.50	16	\$0.00	\$399,727.97	13	\$152,798.84	\$987,755.27	21	\$131,828.02
MAR	\$410,229.73	17	\$142,036.58	\$313,225.23	21	\$1,096,139.17	\$469,814.67	24	\$0.00
APR	\$422,463.28	18	\$44,365.58	\$208,098.66	22	\$117,581.04	\$276,800.75	23	\$471,944.23
MAY	\$388,157.70	29	\$1,405.63	\$334,166.83	20	\$0.00	\$116,138.40	14	\$2,885.62
JUN	\$608,794.88	17	\$0.00	\$185,504.85	15	\$27.75	\$225,613.85	12	\$21,945.43
JUL	\$328,590.02	16	\$0.00	\$312,228.00	19	\$80,865.86	\$550,861.24	21	\$123,821.33
AUG	\$403,031.32	11	\$26,311.54	\$78,896.82	4	\$25,764.27	\$433,611.36	25	\$105,340.38
SEP	\$244,628.02	16	\$47,469.90	\$497,842.22	15	\$181,712.94	\$562,768.40	33	\$0.00
OCT	\$424,397.65	14	\$395,137.05	\$591,039.55	18	\$84,163.91			
NOV	\$442,583.36	21	\$72,627.75	\$481,498.13	17	\$248,754.54			
DEC	\$319,543.05	20	\$1,705,422.42	\$341,826.88	19	\$0.00			
Totals	\$4,871,094.11	209	\$2,444,098.18	\$4,022,596.67	198	\$2,201,777.85	\$4,156,743.39	193	\$860,270.40

Section 7 **WHY LCP, INC. IS THE BEST CHOICE**

To highlight why choosing LCP, Inc. is a winning decision, we've summarized some key points for the KRCD's consideration:

■ **DIR-approved Labor Compliance Program.** Our staff developed California's first 3rd-party Labor Compliance Program that was approved by the Director of the Department of Industrial Relations (DIR).

■ **Expertise.** Our staff has over two decades of cumulative experience monitoring compliance on California prevailing wage projects, including numerous school construction programs in similar size & scope of the Pinacate projects. We enjoy the respect of top leaders in our industry and are considered experts in our field.

■ **Project Manager experienced in large construction & Jail expansion projects.** The assigned Project Manager, Sophia Espinoza, has 10 years' experience monitoring compliance on over \$6 billion dollars' worth of State and Federal Davis-Bacon public works projects.

■ **Capacity & Clear Project Team Organization.** Our Organization maintains over 20 staff members whose professional careers have been developed in the construction and compliance monitoring industries as Labor Compliance Project Managers, General Contractors, Construction Foremen, and Apprentice/Union workers. We propose a Primary Support Team and a Secondary Support Team, which have clear functions, communication, and reporting relationships.

■ **Project Management & Technical Approach.** The secret to our ability to perform multiple compliance projects rests upon LCP, Inc.'s 6 pillars of Project Management Success and dedication of tried-and-tested processes, tools, and personnel.

■ **Complete Audits.** Our client-focused approach to auditing does not cheat the client by merely performing "random" or "spot audits." We conduct full audits of all payrolls received, ensuring the KRCD is free from any compliance issues upon its projects.

■ **Bi-Lingual Staff Resources.** LCP, Inc. proposes a team of bi-lingual staff (Project Manager, Compliance Analyst, Administrative Assistant, and Field Interviewer) to assist potential non-English speaking construction workers with compliance issues.

■ **Low Over-Head...Low Hourly Rates.** Staffing for LCP, Inc. is provided under an agreement by its parent corporation, which translates to low overhead costs and the lowest hourly rates in the industry passed on to the KRCD.